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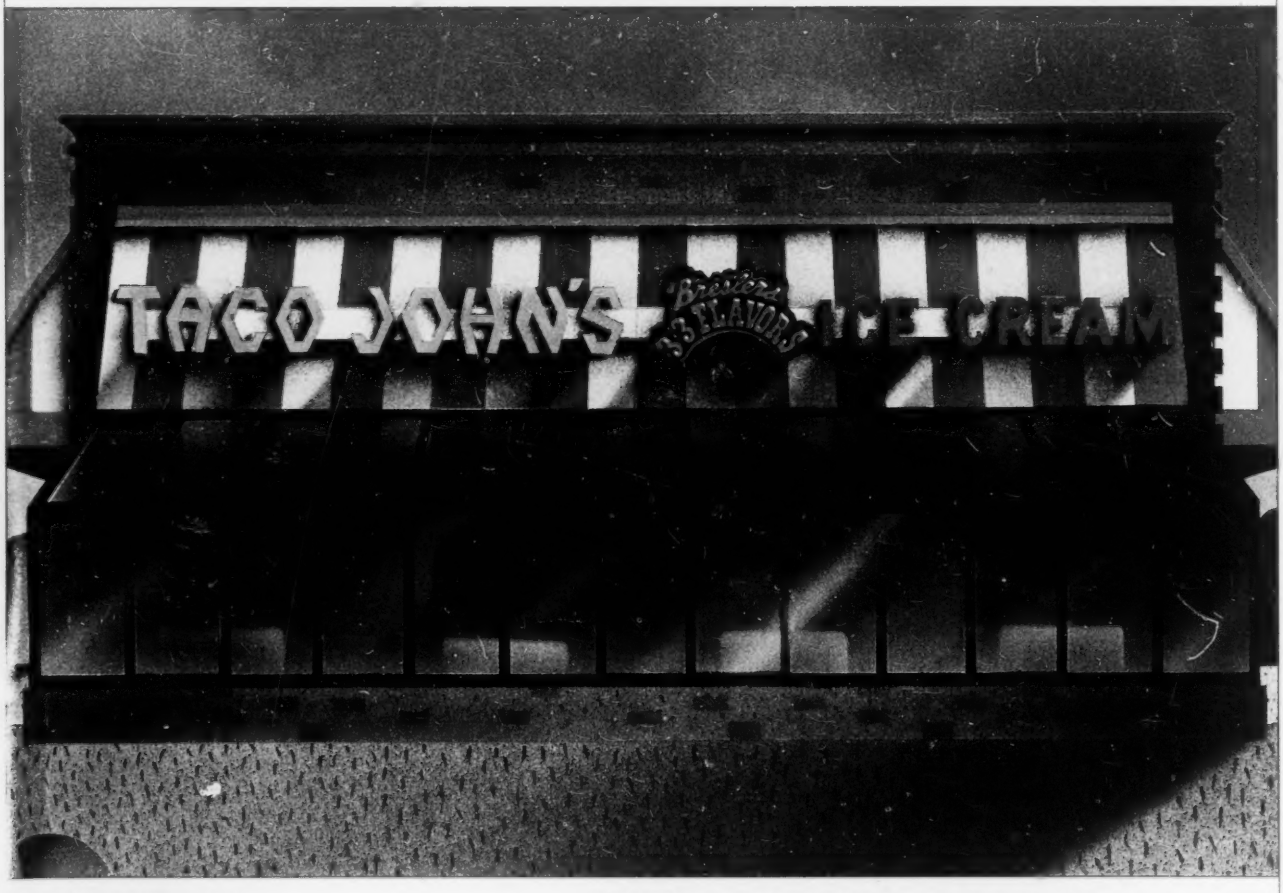
Restaurant Business

A BILL PUBLICATION JANUARY 20, 1987

JOINT CONCEPTS

WHY CHAINS ARE JOINING FORCES

PAGE 107



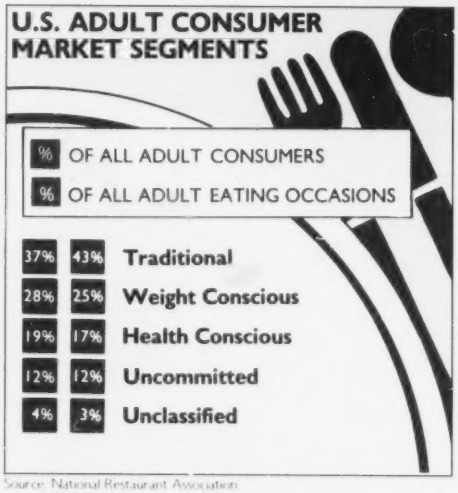
PIZZA SEGMENT REPORT PAGE 125

BEHIND THE ARCHES, PART TWO PAGE 78
ALFONSO'S TAKES TEXAS BY STORM PAGE 120
MENU IDEAS: FISH IS FABULOUS PAGE 165
LATELINE: NEWSBREAKS PAGE 197

BUSINESS BAROMETER

The Hard Facts Shaping Our Industry

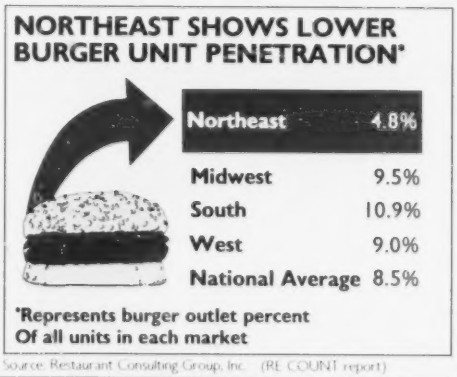
By Linda Cecere


U.S. ADULT CONSUMER MARKET SEGMENTS
% OF ALL ADULT CONSUMERS
% OF ALL ADULT EATING OCCASIONS
37% 43% Traditional
28% 25% Weight Conscious
19% 17% Health Conscious
12% 12% Uncommitted
4% 3% Unclassified

Source: National Restaurant Association

Hearty Eaters Rank First

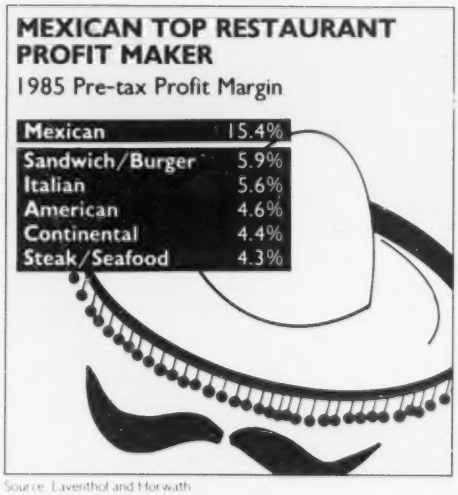
Despite all efforts to appeal to health and diet conscious consumers, traditional diners still remain the primary target of restaurant operators. They account for the largest share of all restaurant eating occasions (43%). More than half label themselves "meat and potato" eaters; another two-thirds say they eat what they want when they want. Top choices: steak, roast beef, fried chicken, and fried fish.



Source: Restaurant Consulting Group, Inc. (RE COUNT report)

Is the Northeast Understored?

Hamburger chains looking for new markets for expansion should consider the New England/Middle Atlantic states of the Northeast. Burger outlets account for 4.8% of all restaurant concepts in the Northeast, well below their 8.5% average share of market for the country as a whole.



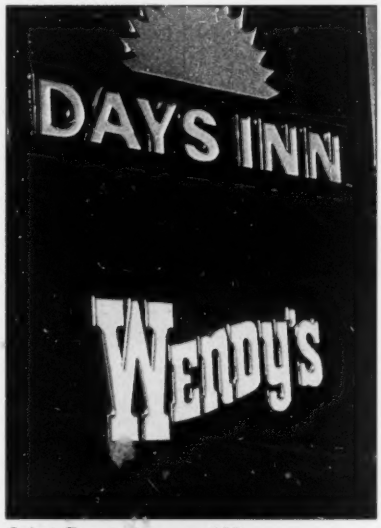
Source: Laventhol and Horwath

Mexican Lowest in Costs

Mexican is the most profitable menu concept, says industry data. The concept has highest pre-tax profits of 15.4%, as compared to the sandwich/burger segment, second highest profit maker at 5.9%. Not surprisingly, Mexican has lowest operations cost, with a 29.4% food cost (includes beverage) and a 26.6% labor cost (includes benefits). More importantly, Mexican also pockets top dollar profits per seat ($632).

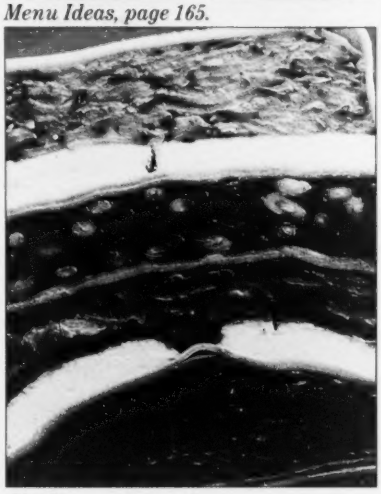
CONTENTS

JANUARY 20, 1987 VOL. 86 NO. 2



Joint Concepts, page 107.

Menu Ideas, page 165.



Chef's Art, page 173.

Cover Story

JOINT CONCEPTS **DONUT DAYS, ICE CREAM NIGHTS.** *Restaurant chains are getting involved in joint venture test projects all over America. The diversity is impressive: Dinner houses are pairing up with hotels, competing fast food concepts are joining forces under one roof, and nationally branded hamburgers, chicken, and pizza can all be purchased with the newspaper and a six-pack at c-stores* 107

Food and Beverage

DRAFTS, CARAFES & SPIRITS **BLUSH WINES.** *This category is enjoying brisk growth in on-premise markets today. Primarily from California, blush wines are so-named for their tinge of color, and are fruity, colorful wines, refreshing—and popular—when chilled*.....155

MENU IDEAS **FINFISH AND SHELLFISH.** *In the* Restaurant Business *Test Kitchen, we've explored the results of industry advances—exotic species, farm-raised finfish and shellfish, surimi-style products, and fresh versus frozen seafood—and have also experimented with the grilling method of cooking*.....165

CHEF'S ART **BRIAN WHITMER.** *The chef of Montrachet, a 90-seat restaurant in Manhattan, presents Terrine of Pasta and Vegetables with Tomato Butter*.....173

Features

INDEPENDENT **ELEPHANTS DELICATESSENS.** *Elaine Rine Tanzer brought take-out to Portland, OR, with her take-out and gourmet food store, which proved so successful that Tanzer was soon opening a second delicatessen coupled with a full-service restaurant, and yet another delicatessen/restaurant opens later next month. She expects to double her annual sales volumes, already in excess of $1 million*.....72

BOOK EXCERPT **McDONALD'S.** *In an* RB *exclusive, the second of four parts is excerpted from 'McDonald's Behind the Arches' by John F. Love*...78

MULTI-UNIT OPERATOR **MILLIE'S COUNTRY KITCHEN.** *With a $3.75 check average, 32.6 percent food costs, and labor costs below 30 percent, this 16-unit "country cooking," family chain in Southern California logs annual sales volume of $15 million, according to owner Ruben Villavicencio*.....84

CHAIN **ALFONSO'S.** *John Burke has high hopes of making his San Antonio-based Mexican foodservice operation the best independent restaurant chain in the state of Texas. With his first eight units grossing $1 million each, Burke has opened three more facilities, and has ambitious plans to add 30 to 40 units by 1988* 120

MARKET SEGMENT REPORT **PIZZA.** *These days, pizza operators are selling more than just pizza. The growth of home delivery has fueled the growth of the segment, making the pizza sector the fastest growing in the foodservice industry*.....125

TRAINING **TACO BELL.** *As national expansion becomes a top priority for the 2,700-unit Taco Bell chain, the Irvine, CA-based company is focusing on a solid management training program* 176

EQUIPMENT **IHR&M SHOW ROUNDUP.** *This year's International Hotel/Motel & Restaurant Show introduced several new products.* RB's *equipment specialist takes a look at what was notable*.....190

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COVER ILLUSTRATION BY JIM LUDKE

Columns and Departments

BUSINESS BAROMETER. *Facts and Figures on Market Trends and Demographics* 2

RB NOTES. *A Look at the Light Side* 9

EDITORIAL. *COEX '87* 18

PUBLISHER'S MEMO *Smith at Bat-Again!* 22

INSIGHTS. *Industry News* 24

MENU MONITOR. *Product Tests and Rollouts* 40

REGIONAL REPORT. *Focus on the South* 42

RESTAURANT STIRRINGS 46

SPOTLIGHT. *New Orleans* 51

TRADE QUOTES. *Stock Market Reports* 52

MENU PLANNER'S GUIDE. *New Ideas from the* RB *Test Kitchen Add Variety* 56

LEGAL TIPS. *Taxes on Tips* 69

PERSONAL FINANCE. *Overseas Investing* 92

CALENDAR. *Industry Events Schedule* 98

SANITATION. 102

RAISING YOUR EQUIPMENT I.Q. *Rotisseries* 152

BAR MANAGEMENT GUIDE. *Products to Enhance Your Bar Trade* 158

THE WINE SELLER. *Tantalizing Taste Buds* 160

BUYERS CIRCLE. *Noteworthy Equipment* 180

PREVIEW. *A Look at Upcoming Articles* 196

LATELINE. *Last-minute Newsbreaks* 197

WASHINGTON WATCH. *Capital Observations* 202

RESTAURANT OPENINGS. *Premieres and Debuts* 203

RB INSIDER

The 345-unit chicken chain, **Chick-fil-A, Inc.**, *based in Atlanta, is combatting the slowdown in mall expansion with the opening of its first freestanding prototype store* 24

Following last year's takeover scare from real estate magnate Donald Trump, **Holiday Corp.** *will present a recapitalization plan to its stockholders next month in an effort to raise $2.7 billion and insulate the company from possible hostile takeover attempts* 24

Solon, OH-based **Nestle Enterprises, Inc.** *has merged two of its companies, the Borel Restaurant Corp. and the Stouffer Restaurant Company, in an attempt to take advantage of all of the company's resources* 28

Carl Karcher Enterprises *has introduced a self-contained Carl's Jr. restaurant on wheels called the Star Diner. The first unit was recently rolled out near the company's headquarters in Anaheim, CA* 28

Millie's Country Kitchen, page 84.

Alfonso's Mexican chain, page 120.

Market Segment Report: Pizza, page 125.